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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 12/10/09

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ARTICLES:

- (1) Deadlock in Futenma issue casting pall over Japan-U.S. alliance

The issue of relocating the U.S. Marine Corps' Futenma Air Station in Ginowan City, Okinawa Prefecture, is casting a pall over the entire Japan-U.S. relationship. The U.S. has fiercely reacted to Prime Minister Hatoyama's idea of putting off a conclusion of the issue until next year. Hatoyama and President Barack Obama agreed (in their talks in Tokyo) to hold bilateral consultations aimed at deepening the Japan-U.S. alliance. But such consultations are now likely to be put on hold. Hatoyama appears to be willing to place priority on reducing the base burden on Okinawa, but the U.S. has indicated no sign of holding the consultations before prospects for a settlement of the issue come into sight.

Hatoyama not revealing his true intention

Yesterday evening, Prime Minister Hatoyama emphasized that coordination of the government's policy on the Futenma policy to be conveyed to the U.S. was in the final stage. But he did not disclose what policy he intends to convey to the U.S.

Concerned cabinet ministers have visited the Prime Minister's Official Residence almost every day to discuss the Futenma issue. Yesterday, Hatoyama, Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, Land, Infrastructure, Transport and Tourism Minister Seiji Maehara, and Chief Cabinet Secretary Hirofumi Hirano discussed the issue. In the meeting, Kitazawa said: "It depends on what decision the prime minister will make," indicating he will wait for Hatoyama's judgment.

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Hatoyama has been caught between "the desire of the Okinawan people" and "the reality of the Japan-U.S. agreement." In the midst of this situation, the Social Democratic Party (SDP) hinted at leaving the coalition in opposition to the government's plan of reaching a swift conclusion. The Hatoyama cabinet, which has been pressed to give up on resolving the Futenma issue by the end of the year, has few options left for breaking the impasse.

Recently, calls are growing for placing priority on reducing the burden on Okinawa, such as the removal of the danger posed by the Futenma base, over deciding on a relocation site. The Hatoyama cabinet is studying the following possibilities: (1) moving helicopters at the Futenma airfield to other bases; and (2) adding an environment clause that would obligate the U.S. military to restore the contaminated land it has used to its original state to the Japan-U.S. Status of Forces Agreement.

In a press conference yesterday morning, Chief Cabinet Secretary Hirano underscored his consideration to Okinawa, remarking: "The top priority is to reduce the burden on the people in Okinawa and to remove risks. The government must address this task on a priority basis," echoing Hatoyama, who has repeatedly stated: "I will make efforts to reflect the wishes of the Okinawan people in the government's policy."

In the cabinet, some members have begun exploring new potential relocation sites while leaving open the possibility of moving the facility to the Henoko district in Nago City based on the existing plan. Defense Minister Kitazawa left for Guam yesterday to visit U.S. military bases, even bearing in mind the possibility of relocating the Futenma facility there.

Japanese government officials appear to be considering the possibility of changing the process of implementing the roadmap for the realignment of U.S. forces in Japan, which was agreed on in 2006 between Japan and the U.S. The idea of speeding up the relocation of training exercises from U.S. Kadena Base to a Self-Defense Force's base has also been floated.

But the government cannot implement these proposed measures without a consensus from the U.S. side. If these measures are also left untouched, it could lead to a worst-case scenario in which the dangers of the Futenma airfield are not removed and the broad

Japan-U.S. accord on the realignment of U.S. forces in Japan is returned to square one.

Idea of deepening Japan-U.S. relations already losing momentum

Prime Minister Hatoyama has come up with the idea of deepening the Japan-U.S. alliance in wide-ranging areas, such as disaster prevention, medical care, education, and the environment, on the occasion of the 50th anniversary next year of the revision of the Japan-U.S. Security Treaty. But this idea has already lost momentum.

Hatoyama proposed holding key bilateral consultations to deepen the bilateral alliance when he met with President Obama in November. This was a major accomplishment in the Japan-U.S. summit for Hatoyama. But the U.S. side's stance is that it will not begin the bilateral consultations as long as the Futenma issue remains unresolved in the discussions by the Japan-U.S. working group.

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Foreign Minister Okada also lamented yesterday: "I cannot bring myself to discuss future options for the Japan-U.S. alliance, while leaving the Futenma issue unsettled."

In a symposium sponsored by the U.S. Center for Strategic and International Studies (CSIS) and other institutes in Tokyo yesterday, former Deputy Secretary of State Richard Armitage made a cynical comment indicating that it would be better not to hold bilateral consultations if no positive results are expected to be produced there.

In the Hatoyama administration, Parliamentary Defense Secretary Akihisa Nagashima also expressed his sense of alarm: "Without discussing how much risk Japan should share with the U.S. in times of emergency, many people have insisted that since (the U.S. military bases) are troublesome facilities, they should be moved away."

Under this situation, U.S. government officials have begun to approach influential DPJ lawmakers. Deputy Chief of Mission in the U.S. Embassy James Zumwalt held talks with Diet Affairs Committee Chairman Kenji Yamaoka for about one hour and 30 minutes yesterday. According to Yamaoka, DCM Zumwalt asked for Japan's cooperation in resolving the issue by the end of the year, but Yamaoka replied: "Haste makes waste."

Hatoyama has expressed his desire to hold a bilateral meeting with U.S. President Obama on the sidelines of the 15th session of the Conference of the Parties to the UN Framework Convention on Climate Change in Copenhagen starting on Dec. 18. But a senior Foreign Ministry official grumbled: "If Japan presents a specific proposal and if the U.S. thinks the meeting will be beneficial to the U.S., the President might meet Hatoyama; otherwise, even if the President has time, he probably will not meet the prime minister."

(2) Hirano suggests broadening agenda of Japan-U.S. cabinet-level working group on Futenma relocation

SANKEI ONLINE (Full)
12:53, December 10, 2009

At a news conference on the morning of Dec. 10, Chief Cabinet Secretary Hirofumi Hirano indicated the intention not to limit discussions at the Japan-U.S. cabinet-level working group on the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa), which have been suspended, to the examination of the existing plan to build a replacement facility in the coastal area of Camp Schwab in Henoko, Nago City, and resume the discussions after turning the working group into a forum for broader topics, including the identification of a new relocation site.

Hirano said: "(While the working group's goal) is the examination of the Japan-U.S. agreement, it is possible to have working-level discussions on different topics. (There is the question of) whether the present framework is the best." The working group has been

suspended after Prime Minister Yukio Hatoyama indicated he will consider Guam as a possible relocation site. The U.S. side demands the implementation of the current plan and White House Press Secretary Robert Gibbs has just stated on Dec. 9 that "discussions at the working group is the best way."

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(3) Editorial: Government must not put Japan-U.S. relations at risk over Futenma issue

ASAHI (Page 3) (Full)
December 10, 2009

The issue of relocating the U.S. Marine Corps' Futenma Air Station has become more complicated since Prime Minister Yukio Hatoyama indicated last week that the government would put off a conclusion of the relocation issue until next year. Hatoyama's decision reflects his consideration toward the Social Democratic Party, which is adamantly opposed to the existing plan to relocate the Futenma facility to the Henoko district in Nago City.

As a result, discussions at a cabinet-level bilateral working group that was set up based on an agreement between Hatoyama and U.S. President Barack Obama to examine the existing plan have been suspended. The two leaders also agreed in their talks in Tokyo to hold bilateral consultations aimed at deepening the Japan-U.S. alliance, with an eye on 2010 marking the 50th anniversary of the revision of the Japan-U.S. Security Treaty. But the consultations are also likely to be put on hold.

The U.S. government has said that there is no feasible option other than the existing plan. Washington's decision to put off the consultations indicates its strong displeasure at Japan's postponement of a conclusion, according to Japanese government sources. Seeing the adverse development, even Foreign Minister Katsuya Okada said: "I have a very strong sense of alarm over the current state of Japan-U.S. relations."

Japan-U.S. relations are based on the Security Treaty, so it is an essential requirement for Japan to offer land for U.S. military bases. The relocation issue is an important part of this requirement. Japan and the U.S. must share this basic perception.

In view of its position, Washington's call on Japan to implement the current plan makes sense. Meanwhile, the Hatoyama administration has examined the process leading to the existing plan and has tried to find measures to lighten the excessive burden on Okinawa. Such efforts also should not be denied.

The problem is that Japan and the U.S. have not exchanged candid views as allies on how to retain the deterrence provided by the presence of U.S. military troops in Japan and the cost Japan should bear to that end.

It is too simplistic to say that the alliance itself could collapse (over the Futenma issue), but it is unfortunate that the situation is getting more chaotic without communications made between the two countries.

President Obama stated in Tokyo: "The Japan-U.S. alliance has been a foundation for security and prosperity over the past 50 years." The will and wisdom to maintain and manage the "foundation" are now needed.

The Hatoyama administration once tried to work out a solution to the issue by the end of the year but later decided to put off a conclusion out of consideration for the coalition government. The U.S. government's irritation at the Hatoyama administration's flip-flop is understandable.

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In a public opinion survey by the Asahi Shimbun, more than half of

respondents said that Japan and the U.S. should review the plan on which they agreed and begin fresh negotiations. The government should not make light of such a view, which is not the only the view of the Okinawan people.

Hatoyama has proposed deepening bilateral ties in wide-ranging areas, including disaster prevention, medical care and education. This proposal coincides with the Obama administration's policy of placing emphasis on fighting global warming and promoting nuclear nonproliferation. Cooperation in the military sector tended to be the focus of the Japan-U.S. alliance until now, so the Japanese people should welcome the idea of deepening cooperation in wider areas.

To nurture this trend with care, it is the prime minister's responsibility to settle the discord over the Futenma issue as much as possible. To that end, he should present a "policy" at an early date.

(4) Editorial: With delay in decision on Futenma, growing possibility of three crises

NIKKEI (Page 2) (Full)
December 10, 2009

Prime Minister Yukio Hatoyama is flip-flopping on the issue of relocating the U.S. Marine Corps' Futenma Air Station in Okinawa. His inconsistency goes beyond the price to be paid for a change in government. Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, and others are urging the Prime Minister to decide to confirm the existing Japan-U.S. agreement before the end of the year. His failure to do so will increase the Hatoyama administration's chances of facing serious consequences.

It is natural for a review of policies to follow the change of administration. An international agreement is literally an agreement between states, not an agreement between administrations. Any country that reneges on an international agreement after a change of administration will lose its international credibility. It is time for Prime Minister Hatoyama to think of the present crises with an open mind while keeping that point in mind.

First, the very existence of Futenma Air Station in the residential area in Ginowan is posing a danger, and this situation will continue on a semi-permanent basis if the Prime Minister fails to make a decision swiftly. All three parties -- Okinawa Gov. Hirokazu Nakaima, Nago Mayor Yoshikazu Shimabukuro, and the United States -- support the Japan-U.S. plan.

The foreign and defense ministers take similar positions possibly because of this political reality. The Prime Minister's flip-flopping will provoke the ideological anti-base struggle and might end up making Futenma a permanent fixture in Okinawa.

Second, the Japan-U.S. alliance is in a critical condition and the impact would go beyond the two countries. In reality, (the bilateral relationship) has already entered a danger zone. The Prime Minister said "trust me" during a Japan-U.S. summit in November. Thus far, his words have been an empty promise.

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The Prime Minister has repeatedly pointed out the importance of the relationship of trust between the top leaders of Japan and the United States. Such a person must know exactly what decision he has to make. Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa will take a trip to China along with over 100 lawmakers with the Japan-U.S. relationship in such a state. What message does this send to the international community?

Third, the current situation is a crisis for Prime Minister Hatoyama as well. His inconsistent stance is likely to raise questions at home and abroad about his qualifications as the top leader of the country.

Hatoyama competed with Okada for the DPJ presidency this past May.

Okada has tried to reason with Prime Minister Hatoyama as the minister responsible for the matter, but his efforts have not paid off. If this was the Liberal Democratic Party administration era, a political showdown would occur, imperiling the administration.

If free speech is not suppressed in the DPJ, criticism will sooner or later come out into the open. If free speech is suppressed, the criticism will build up like magma.

The three crises could compound into an administrative crisis -- or a Hatoyama crisis.

With the launch of the Hatoyama administration, we expected change. The DPJ's manifesto (a set of campaign pledges) does not stipulate the abrogation of the Japan-U.S. agreement on Futenma. Confirming the Japan-U.S. agreement should be a natural option for the Prime Minister, not a change of mind.

(5) Okinawan companies seek U.S. Ambassador Roos's assistance in sending young people for IT training

OKINAWA TIMES (Page 7) (Full)
December 10, 2009

Business operators of IT companies in Okinawa met with U.S. Ambassador to Japan John Roos at the official residence of the Consul General in Okinawa. Seven business executives participated in this meeting, where they requested cooperation in training projects in the U.S. The Ambassador reportedly promised to serve as intermediary with U.S. companies willing to accept trainees.

Roos used to run a law firm of 600 lawyers in Silicon Valley and serve as counsel to IT companies. He is said to be knowledgeable about the IT industry. This meeting came about because of a visit by Consul General Raymond Greene to the Okinawa IT Shinryo Park in November. During this visit, President Takashi Hiyane of Lexues told Greene about the "IT frogs" program for sending young people to the U.S. for training. Greene briefed the Ambassador about the program, and the Ambassador sounded out (the Okinawan businessmen) about an exchange of views.

Hiyane said: "We would like to train young people in Silicon Valley. We would like to request your cooperation to facilitate the sending of students." Roos reportedly advised them to "take in foreign capital and step up the expansion of companies."

President Tomoaki Kurita of Index Okinawa remarked that, "We hope to collaborate with U.S. companies to gain a foothold in the Chinese

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market."

(6) U.S. Ambassador Roos indicates willingness to cooperate with sending students to the U.S. for IT training

RYUKYU SHIMPO (Page 4) (Full)
December 10, 2009

It was learned on Dec. 9 that U.S. Ambassador to Japan John Roos, who was on a visit to Okinawa until Dec. 2, held an informal exchange of views with Okinawan business operators on programs to send students to the Silicon Valley in the United States, where the IT industry is concentrated. The Ambassador was supportive of the businessmen's efforts to promote these programs and indicated that he would like to cooperate if there is anything he can do to help.

Representatives of seven companies that have pooled their funds for the common goal of training entrepreneurs met with the Ambassador. They were invited by the Ambassador and the meeting took place at the official residence of the U.S. Consul General in Urasoe City.

Roos, who was a lawyer before becoming the ambassador to Japan, is known for running a law firm in Silicon Valley with many IT company clients. At the meeting, he asked enthusiastic questions about the training programs. He also gave specific advice on the training of students. The meeting lasted two hours, exceeding the originally

scheduled 90 minutes.

This meeting came about because of a visit by Consul General Raymond Greene to the Okinawa IT Shinryo Park in Uruma City in early November. He heard about the training programs from President Takashi Hiyane of Lexeus, one of the companies involved with these programs. The Consul General and Okinawa Prefectural Government officials were also present at the meeting.

During the meeting, the Ambassador praised the efforts of young business operators who started to send students for training last year on a voluntary basis. He said: "This is excellent" and advised them that concrete strategies on entrepreneurship and on-site training programs are important.

(7) DPJ gives greater importance to China than to the Japan-U.S. alliance

SANKEI (Pages 1, 3) (Full)
December 4, 2009

At a room in the Ministry of Foreign Affairs (MOFA) where the meeting of the Japan-U.S. cabinet-level working group on the issue of the relocation of the U.S. forces' Futenma Air Station was being held on Dec. 4, the angry voice of U.S. Ambassador to Japan John Roos reverberated: "How does President Obama explain this to Congress?" This was after Foreign Minister Katsuya Okada conveyed Prime Minister Yukio Hatoyama's "decision" to forego reaching a solution on the issue within 2009.

However, Okada denied flatly that this had happened at a news conference on Dec. 8.

"The Ambassador asserted his position firmly, but he did not raise his voice. There are also various opinions on the U.S. side. The question is how seriously you take them."

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He did not directly respond to Roos's anger

"Japan hands" lost face

At a symposium held in Tokyo on Dec. 8, former U.S. Deputy Secretary of State Richard Armitage, a well-known expert on Japan, expressed his "concern" repeatedly: "We are concerned that an agreement that took 10 years to conclude may be scrapped." Influential people in the U.S. who support the Japan-U.S. security alliance have continued to send out messages in their persistent effort to make the Japanese government understand the importance of the alliance.

"Does (the Japanese administration) think that the maintenance of the coalition is more important than the alliance?" "This will hurt the basic relationship of trust." "The price Japan pays for the value of the insurance provided by the Japan-U.S. security alliance is not high."

Yet, such messages do not seem to reach the Hatoyama administration. Okada even stated at his news conference:

"There are people who think it is desirable to attack the Democratic Parties both in Japan and the U.S. to cause deterioration in the bilateral relationship."

The Japan hands have completely lost face in Washington.

Unprecedented size of delegation visiting China

According to one of the top political appointees of a certain ministry, "China, which the U.S. is most sensitive about, is a constant factor" behind the behavior of Hatoyama and Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa, who is the most powerful politician in Japan.

MOFA officials are unanimous in their opinion about the major event taking place in Beijing on Dec. 10: "We have never seen so many Diet

members visiting a foreign country at one time. This is unprecedented not only for visits to China but is simply unheard of." They are referring to a joint program under the regular exchange program between the DPJ and the Communist Party of China and Ozawa's long-time project the "Great Wall Program" since his days at the Liberal Democratic Party (LDP).

This year, 143 DPJ Diet members are participating in this program. The total membership of this delegation going to Beijing in the severe winter, which includes participants from these Diet members' support groups and their secretaries, runs to 626.

Some 80 of the 140 "Ozawa children" who were elected for the first time in the recent House of Representatives election are members of the delegation, and they will actually be going to China "simply for sightseeing," according to a DPJ source. Even party members voice the criticism that "this is slighting the U.S. and leaning excessively toward China" (a junior Diet member).

This is an indication that the DPJ administration is ignoring the calls from the U.S. and listening only to China. However, such behavior is not based on any explicit ideology or policy and merely reflects a vague Asia-oriented disposition.

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During this China visit, Ozawa will hold a "top-level meeting" with President Hu Jintao. However, the delegation itself will be visiting in a relaxed mood with a purposeless itinerary.

A DPJ leader in the House of Councillors who is a participant in the delegation says: "After Mr. Ozawa meets with President Hu, 80 percent of the trip is done with. What is left for us to do is to visit the Great Wall, since that is our purpose."

The group will take photographs with Chinese VIPs at the Great Hall of the People and participate in the welcome reception of the All-China Youth Federation on Dec. 10. From Dec. 11, they will divide into smaller groups and visit various ministries, villages, and the Great Wall.

Ozawa will move on to Seoul on Dec. 11. He is meeting President Lee Myung Bak for an informal dinner on Dec. 12.

The "Great Wall Program" has been carried out 17 times. This is an exchange program that Ozawa inherited from the Keisei-Kai, the faction he belonged to during his LDP days. Ozawa boasts that he will "continue this program until he becomes 100 years old." His aides emphasize: "This is different from LDP Diet members in the past who visited China for business interests; it is genuine citizen diplomacy."

However, the visit to China by over 140 Diet members at a time when the Japan-U.S. relationship is strained has aroused stronger interest on the U.S. side than Japan had imagined. A U.S. Democratic Party source remarks: "The U.S. government is taking note of this because this will reveal Japan's stance toward the U.S. and China."

On the other hand, a veteran politician's secretary who has known Ozawa since his days at the LDP's Tanaka faction explains that the truth of the matter is quite simple: "Mr. Ozawa wants to show off his power."

Vacillating values

Hatoyama traveled to Indonesia on Dec. 9 to attend the "Bali Democracy Forum." What he stated in an interview with the Indonesian media prior to this trip demonstrates how inscrutable Hatoyama diplomacy is.

"We treasure the common values of freedom and democracy. Japan and Indonesia can contribute to Asia and the world as a whole by becoming strong strategic partners."

However, Hatoyama had said the very opposite at a news conference on May 15, at the height of the DPJ presidential election campaign.

He strongly negated the "value diplomacy" advocated by former Prime Minister Taro Aso when he was foreign minister, which gave importance to cooperation with countries sharing common values, such as freedom, democracy, and the rule of law.

He said in May: "I dislike value diplomacy. Diplomacy is a process through which countries with different value systems build a relationship of coexistence and co-prosperity."

Hatoyama has always vacillated significantly in his statements, so it is hard to determine how he really feels. However, he often ends

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up shaking the alliance relationship with the U.S., with which Japan shares common values, while giving emphasis to friendly relations with China, which has a political system and values different from Japan.

More haste, less speed

DPJ Diet Affairs Committee Chairman Kenji Yamaoka, who is also the head of the delegation visiting China, met with James Zumwalt, deputy chief of mission of the U.S. Embassy in Japan, at his office on the second floor of the Diet on Dec. 8.

When Zumwalt demanded a solution to the Futenma relocation issue before the end of the year, Yamaoka explained the situation of the three coalition parties and added that, "There is the saying that the more haste, the less speed. Haste makes waste."

While Yamaoka appeared to be using this expression inadvertently, in actuality Chinese Premier Wen Jiabao told Hatoyama the same thing on Oct. 10. When Hatoyama demanded an early start to negotiations on a treaty regarding the joint development of the Shirakaba gas field in the East China Sea, which the two sides had agreed upon, Wen also said: "There is the saying that the more haste, the less speed," hinting at the deferring of the issue.

Ozawa has long been an advocate of the theory of an equilateral triangle consisting of Japan, the U.S., and China with all three nations keeping equal distance from each other.

In the LDP, although people like former Secretary General Koichi Kato, a well-known pro-China politician, also embrace the same theory, this is not the mainstream in that party because it is widely believed in the LDP that a theory that gives equal importance to the U.S., which is Japan's only ally, and China, a communist dictatorship pointing hundreds of ballistic missiles in Japan's direction, is outrageous.

Yet, "an equilateral triangle consisting of Japan, the U.S., and China" (in the words of Azuma Koshiishi, chair of the DPJ caucus in the Upper House) is regarded as a matter of course in the DPJ. This has given rise to "favoritism" in dealing with China and cold shouldering the U.S.

The Social Democratic Party (SDP), one of the coalition parties, is taking advantage of this situation to pressure the administration by threatening to leave the coalition.

On Dec. 7, SDP Secretary General Yasumasa Shigeno pressed Ozawa to scrap the Japan-U.S. agreement on the relocation of the Futenma Air Station to Nago, telling him: "Secretary General Ozawa should speak up to the administration." When Shigeno persisted, Ozawa repeated three times: "I will convey the message to the government."

(8) Japan-China joint poll

YOMIURI (Page 15) (Full)
December 8, 2009

Questions & Answers
(Figures shown in percentage)

Q: Do you think Japan-China relations are now in good or bad shape?

Japan China
Very good 4 4
Good to a certain degree 41 46
Bad to a certain degree 39 34
Very bad 8 9
No answer (N/A) 8 6

Q: Do you think China (Japan) is trustworthy?

Japan China
Very trustworthy 3 3
Somewhat trustworthy 25 31
Not very trustworthy 46 41
Not trustworthy at all 23 22
N/A 3 3

Q: Do you think Japan-China relations will improve, deteriorate, or remain unchanged?

Japan China
Improve very much 5 7
Improve to a certain degree 29 46
Remain unchanged 50 31
Deteriorate to a certain degree 10 8
Deteriorate very much 2 3
N/A 4 5

Q: Do you think the positive impact of the Hatoyama government on Japan-China relations will be greater, or do you think its negative impact will be greater?

Japan China
Positive impact 29 31
Negative impact 17 12
About the same 41 35
N/A 13 22

Q: In what area do you think Japan and China should cooperate from now on? Pick as many as you like from among those listed below, if any.

Japan China
Politics, diplomacy 48 38
Economy 52 50
Security 35 28
Natural resources, energy development 38 31
Science & technology 11 58
Environmental issues 49 43
Epidemic prevention, including new-type flu viruses 14 33
Education, culture 14 46
Other answers (O/A) 0 5
Nothing in particular (NIP) + N/A 6 3

Q: Do you think the positive impact of China's economic growth on Japan's economy will be greater, or do you think its negative impact will be greater?

Japan China
Positive impact 29 58
Negative impact 31 10
About the same 34 25

N/A 6 7

Q: Do you expect China to display more leadership in order to resolve the North Korean nuclear issue?

Japan China
Very much 45 44
Somewhat 26 32

Not very much 19 16
Not at all 6 3
N/A 3 5

Q: When comparing China (Japan) with the U.S., which country do you think will be more important to Japan (China) in the political aspect?

Japan China
China (Japan) 18 4
U.S. 52 44
Both countries 28 50
N/A 2 2

Q: Then, which country do you think will be more important to Japan (China) in the economic aspect?

Japan China
China (Japan) 46 6
U.S. 28 52
Both countries 24 41
N/A 2 2

Q: What issue do you think should be resolved on a priority basis for a better relationship between Japan and China?

Japan China
Gas field co-development in East China Sea 20 20
Intellectual property rights problems, such as copied products 17 6
Historical perception 35 36
Territorial row, such as the Senkaku islets 14 29
O/A 0 3
NIP+N/A 13 7

Q: What do you think China is like? Pick as many as you like from among those listed below, if any.

Japan China
It's financially wealthy 16 33
Its technological level is high 14 25
It's a growing military power 56 43
It's promoting tradition, culture 24 58
It's protecting the natural environment 3 30
It's a safe place 2 33
O/A 4 13
NIP+N/A 17 2

Q: What do you think Japan is like? Pick as many as you like from among those listed below, if any.

Japan China
It's financially wealthy 33 60
Its technological level is high 70 60

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It's a growing military power 3 29
It's promoting tradition, culture 17 29
It's protecting the natural environment 19 38
It's a safe place 39 25
O/A 1 5
NIP+N/A 5 6

(Note) Figures rounded off. The total percentage does not add up to 100 PERCENT. "0" indicates that the figure was less than 0.5 PERCENT.

Polling methodology

Japan
Date of survey: Nov. 14-15.
Subjects of survey: 3,000 persons chosen from among all eligible voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).
Method of implementation: Door-to-door visits for face-to-face interviews.

Number of valid respondents: 1,796 persons (men-48 PERCENT , women-52 PERCENT).

China

Date of survey: Nov. 14-24.

Subjects of survey: Liaowang Dongfang Zhoukang (Oriental Outlook Weekly) outsourced the survey to Horizon Research. Men and women, aged 20 and over, were chosen in Beijing, Shanghai, Guangzhou, Wuhan, Shenyang, Chengdu, Xian, Harbin, Tsingtao, and Changsha.

Method of implementation: Telephone-based interviews

Number of valid respondents: 1,261 persons (men-51 PERCENT , women-49 PERCENT).

(9) Growth for Japan: Promote FTAs and challenge the world

NIKKEI (Page 1) (Excerpts)
December 10, 2009

Survive in trade with Asia

Japanese companies have the geographical advantage of being close to the growing Asian market, with China right next door. However, business circles are dissatisfied. This is because business leaders are limited by the perceived notion that only low-end products, which Japan is not good at producing, sell in emerging countries.

However, the situation is changing. Komatsu Ltd. will shortly bring out hybrid-type hydraulic shovels with high fuel efficiency. The price is 1.5 times higher than the present model. However, Chairman Masahiro Sakane said, "We have received a surprisingly large number of inquiries."

In China, the operating time of construction equipment is long. Fuel costs 3 million yen a year. Expenses for personnel who operate the machine are about 400,000 yen a year. Needs for saving fuel costs are much bigger than in Japan. Komatsu estimates to sell 500 to China of 700 units expected to be sold in the current fiscal year.

Many Japanese companies depend on emerging markets. The share of Suzuki, which is strong in compact cars, on the Indian market is close to 50 percent. The Yukio Hatoyama administration advocates domestic demand-led economic growth. However, is it possible to draw

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up a plan for ending the economic stagnation with domestic demand alone? Given the structural changes occurring in the world, it would be natural to assume that the engine of growth is external demand centered on emerging economies, although domestic demand is also important.

What the administration should address is promoting free trade agreements (FTA). If the government proactively presses ahead with FTAs, the image of Hatoyama's Initiative for an East Asian Community would come into sight. If it clarifies its intention to build an economic zone, companies could decide to go global, looking toward the future.

However, Japan has signed FTAs only with countries like Singapore, which would not demand liberalization of agricultural products. It must generate momentum in FTA talks with Australia or India. It also must look into such possibilities with China. The DPJ incorporated an FTA with the U.S. in its policy pledges. The promotion of the FTAs will serve to improve flagging relations with the U.S.

If Japan concludes more FTAs, it would inevitably impact the agricultural sector. The government must devise measures for farmers to survive. The DPJ's income compensation system for farmers is a system intended to alleviate farming households' worsening business conditions.

It is not wise to hold back liberalization for the purpose of protecting weak industries and keep promising industries from growing or advancing overseas. It is not until the Japanese economy becomes strong that funding resources for redistribution to bail out weak industries or individuals can be generated.

Secure external demand through joint efforts by government and private sector

The proportion of exports in the real GDP rose to 17 percent in 2008. However, the figure is still lower than that of Germany, China, or South Korea, where such a proportion is close to 40 percent. The latest figure has dropped to 13 percent due to the financial crunch. The government could come up with a goal of making the proportion over 20 percent.

There are many challenges the government can tackle. Japan's Shinkansen bullet train is receiving high praise. However, Japan cannot beat rival nations, such as Germany and France, which engage in joint efforts by the government and the private sector in selling their products. They can work together in securing natural resources. The government can spearhead the drive in the environmental technology area.

As a nation whose decline in birthrate and the aging society are advancing at the fastest speed in the world, it is difficult to expect the market to expand. A shortage in demand cannot be covered with domestic demand alone. It is not possible to envisage a growth track without external demand. Unless the nation earns foreign currency, it would lose power to purchase resources or food.

It is very fortunate that Japan is located in the corner of Asia, which is in a growth phase. However, if it does nothing, it will lose opportunities. Japan does not have the option of putting off its advancement into the Asian market.

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